

IA Clarington Loomis International Growth Fund

Manager commentary – Q1 2025

Over the long term, the fund manager believes that markets are efficient. In the near term, however, the fund manager believes that innate behavioural biases such as herding, overconfidence or loss aversion can influence investment decisions and create asset pricing anomalies. These pricing inefficiencies converge toward intrinsic value over time. Market efficiency is thereby dynamic, existing along a continuum between fully efficient and inefficient pricing. Therefore, the fund manager attempts to identify intrinsic value and exploit the long-term differential between this value and the market's perception.

Over the 12-month period, the Fund's stock selection in the consumer discretionary, information technology, communication services and consumer staples sectors contributed to performance, as did its allocation to the consumer discretionary sector. Individual contributors included Tesla Inc., Trip.com Group Ltd. and MercadoLibre Inc.

The Fund's stock selection in the health care, financials and industrials sectors detracted from performance, as did its allocations to the financials, health care, information technology, consumer staples and industrials sectors. Individual detractors included Novo Nordisk AS, Adyen NV and Block Inc. New positions included LVMH Moët Hennessy Louis Vuitton SE.

Increased positions included Novo Nordisk A/S, Roche Holding AG and WiseTech Global Ltd, as near-term price weaknesses created attractive reward-to-risk opportunities.

Decreased positions included Tesla, which was trimmed to finance purchases and manage position size. Eliminated positions included Pluxee NV. This small position was recently received via spin-off by virtue of the Fund's ownership of Sodexo SA shares.

The fund manager's investment process is characterized by bottom-up fundamental research and a long-term investment time horizon. The nature of the process leads to a lower-turnover portfolio in which sector positioning is the result of stock selection. The Fund ended the period with overweight positions in the consumer discretionary, health care, information technology, consumer staples and communication services sectors and underweight positions in the financials and industrials sectors. The Fund had no exposure to stocks in the energy, utilities, real estate or materials sectors. The fund manager remains committed to a long-term investment approach of investing in those few high-quality businesses with sustainable competitive advantages and profitable growth when they trade at significant discounts to their intrinsic values.

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For definitions of technical terms in this piece, please visit iaclarington.com/glossary and speak with your investment advisor.

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